

Message Text

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14

ACTION AID-05

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C O N F I D E N T I A L KABUL 0107

LIMDIS

FOR AID ASSISTANT ADMINISTRATOR NOOTER FROM AMBASSADOR

E.O. 11652: GDS

TAGS: AF, EAIR, PFOR

SUBJ: AID'S PROGRAM IN AFGHANISTAN

REF A) 75 KABUL 8104 B) 75 STATE 299640

1. I WOULD LIKE TO SHARE WITH YOU MY VIEWS WITH RESPECT TO AID'S INABILITY TO REACT POSITIVELY TO MINISTER KHURRAM'S RECENT REQUEST FOR GRANT SUPPORT OF THE RURAL SCHOOLS PROJECT. I HAVE REFLECTED ON THE RESPONSE IN REFTEL B, PARA 4, TO REFTEL A, PARA 2A. WE HAVE HAD THE BENEFIT OF CHUCK JOHNSON'S REPORT SINCE HIS RETURN FROM WASHINGTON, AND I HAVE DISCUSSED THE SUBJECT WITH VINCE BROWN. THE USAID IS PROCEEDING TO TRY TO GET AFGHAN AGREEMENT ON LOAN FINANCING FOR THE PROJECT. INDEED, THE GOA WANTS THE SCHOOL PROJECT SO BADLY THAT THERE IS SOME POSSIBILITY THEY MAY CAVE IN. NEVERTHELESS, I HAVE SERIOUS PROBLEMS WITH THIS COURSE OF EVENTS, WHICH I HOPE TO MAKE CLEAR IN THIS MESSAGE, AND ON WHICH I SEEK YOUR SUPPORT.

2. LET ME SAY FIRST, WITH REFERENCE TO THE USAID'S REFTEL A AND A SUBSEQUENT MEMORANDUM OF CONVERSATION COVERING DISCUSSION

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OF THE LOAN/GRANT SUBJECT WITH KHURRAM, THERE MAY HAVE BEEN

SOME MISINTERPRETATION OF THE FORCE BEHIND KHURRAM'S PRESENTATION. PERHAPS SOME SKEPTICISM RESULTED. PLEASE BE ASSURED THAT IF ANYTHING, THE INTENSITY OF KHURRAM'S POSITION WAS UNDERSTATED. IN FACT, I NOW HAVE GOOD REASON TO BELIEVE THAT THAT POSITION HAD BEEN DISCUSSED WITH AND APPROVED BY PRESIDENT DAOUD BEFORE KHURRAM CALLED ME TO HIS OFFICE. I MUST SAY KHURRAM'S REQUEST MAKES SENSE TO ME. I THINK WE WOULD HAVE A DEFENSIBLE POSITION IF WE OFFERED GRANT MONEY FOR PROJECTS WITH LONG RUN SOCIAL OBJECTIVES SUCH AS PRIMARY EDUCATION AND RURAL HEALTH AND LOAN MONIES FOR PROJECTS WITH OBSERVABLE ECONOMIC PAYOUTS. IN THIS REGARD, I AM CONFIDENT THE AFGHANS HAVE NO PROBLEM WITH THE LOANS FOR THE HELMAND AND THE RURAL DEVELOPMENT DEPARTMENT.

3. BUT I HAVE TWO BROADER CONCERNS. ONE IS THE OBVIOUS DIFFICULTY OF EXPLAINING TO THE AFGHANS AN APPARENT INCONSISTENCY BETWEEN U.S. RHETORIC ABOUT FOCUSING U.S. ASSISTANCE PROGRAMS ON THE POOREST, ON ONE HAND, AND ACTIONS WITH RESPECT TO AFGHANISTAN ON THE OTHER. HAVE WE ADVOCATED LOANS FOR SOCIAL DEVELOPMENT PROJECTS IN NEPAL, BANGLADESH, SAHEL OR OTHER QUOTE FIFTH WORLD UNQUOTE COUNTRIES? IF WE HAVENT THE AFGHANS WILL SOON BECOME AWARE (IF THEY ARE NOT ALREADY) THEY ARE BEING OFFERED COMPARATIVELY UNEQUAL) TERMS. THEY MAY WELL ASK WHY. MY SECOND AND MORE IMPORTANT CONCERN RELATES TO JOHNSON'S REPORT THAT THERE IS SOME THINKING THAT FUTURE LEVELS OF U.S. GRANT ASSISTANCE COULD APPROPRIATELY BE ALLOWED TO DROP OFF TO SOME 3 MILLION DOLLARS PER YEAR. ANY SIGNIFICANT CUT BELOW AROUND 5 TO 6 MILLION A YEAR, EVEN WITH A CORRESPONDING INCREASE IN LOANS, WILL BE READ BY THE AFGHANS AS THE IMPOSITION OF TOUGHER AID TERMS WITH NO JUSTIFICATION CONGRUENT WITH STATED U.S. AID POLICY. THEREFORE, THE SIGNAL WOULD APPEAR POLITICAL AND DISCRIMINATORY AND WE DO NOT, AS FAR AS I AM AWARE, INTEND THAT.

4. AS YOUR KNOW, THE AID PROGRAM CONTINUES TO BE AN IMPORTANT ELEMENT OF OUR FOREIGN POLICY WITH RESPECT TO AFGHANISTAN. AID HAS DEMONSTRATED TO THE AFGHANS IN THE PAST TWO YEARS THAT IT HAS THE REQUIRED ABILITY AND FLEXIBILITY TO DEVELOP AND IMPLEMENT THE MORE COMPLEX SOCIAL ASSISTANCE PROGRAMS AIMED AT THE RURAL POOR IN CLOSE COLLABORATION WITH THE GOA. I SINCERELY HOPE THAT WE CAN MANAGE THE FLEXIBILITY AT THE POLICY LEVEL NECESSARY TO PRESERVE THE U.S. IMAGE OF EFFECTIVE RESPONSE TO PRIORITY DEVELOP-
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MENT NEEDS AS ARTICULATED BY THE AFGHANS THEMSELVES. FAILURE TO DO SO WILL, IN MY VIEW, END UP IN ADVERSE EFFECTS ON U.S. OVERALL POLICY OBJECTIVES IN AFGHANISTAN AND THIS PART OF THE WORLD.

5. I WOULD APPRECIATE A RECONSIDERATION OF THE POSSIBILITY OF GRANT FUNDING THE SCHOOLS PROJECT. I WOULD ALSO LIKE TO BE ASSURED THAT THERE ARE NO OBJECTIONS TO THE MAINTENANCE OF A GRANT PROGRAM IN AFGHANISTAN OF BETWEEN 5 AND 6 MILLION DOLLARS.

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